	■ <b>STANDARDS</b> ■		Unit 1140	Revision 01	Original Effective Date 01/15/97
	SUBJECT 04.30200 REAL ESTATE APPRAISAL PREPARATION AND REVIEW				Last Revision Date 03/04/97
					Page 1 of 15

04.30200 REAL ESTATE APPRAISAL PREPARATION AND REVIEW STANDARDS

04.30201 Contents

<u>Page</u>	<u>Section</u>	<u>Title</u>
1	04.30202	Scope
1	04.30203	Purpose
1	04.30204	References
2	04.30205	Definitions
3	04.30207	History
3	04.30209	Introduction
4	04.30210	Appraisal Preparation
12	04.30220	Appraisal Review
15	04.30299	Exhibits

04.30202 Scope


These standards establish the requirements for the preparation and review of appraisal reports. These standards must be followed by appraisers performing services for the District and the reviewer on staff.

04.30203 Purpose

The purpose of these standards is to foster substantive, consistent and clear documentation of real estate market value for use in the acquisition process.


04.30204 References

Real Estate Appraisal Policy	04.301
Real Estate Appraisal Procedures	04.303
Real Estate Appraiser Selection Process Methods	04.305
Procurement and Contracting	07.100
Supplier Diversity and Outreach M/WBE Rule	40E-7, Part VI

	■ <b>STANDARDS</b> ■		Unit 1140	Revision 01	Original Effective Date 01/15/97
	SUBJECT 04.30200 REAL ESTATE APPRAISAL PREPARATION AND REVIEW				Last Revision Date 03/04/97
					Page 2 of 15

04.30205     Definitions

Appraiser	Properly qualified individual who estimates the value of real estate.
ARC	Appraiser Review Committee.
Easement	An interest in real property that convey use, but not ownership, of a portion of an owner's property.
Highest and Best Use	The reasonably probable and legal use of vacant land or an improved property which results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability.
Market Value	The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither in under undue stress. (See USPAP for complete definition).
Partial Taking	Taking part of any real property interest for public use under the power of eminent domain; requires the payment of just compensation.
Parent Tract/Larger	In condemnation, the portion of a property parcel that has unity of ownership, contiguity, and unit of use, the three conditions that establish the parent tract/larger parcel for the consideration of severance damages in most states. In federal and some state cases, however, contiguity is sometimes subordinated to unitary use.
Review Appraiser	An appraiser who examines the reports of other

	■ <b>STANDARDS</b> ■		Unit 1140	Revision 01	Original Effective Date 01/15/97
	SUBJECT 04.30200 REAL ESTATE APPRAISAL PREPARATION AND REVIEW				Last Revision Date 03/04/97
					Page 3 of 15

appraisers to determine whether their conclusions are consistent with the data reported and other generally known information.

USPAP

Uniform Standards of Professional Appraisal Practice as developed by the Appraisal Foundation.

04.30207 History

Requirements for preparing appraisals were originally established in the Real Estate Appraisal Policy (04.301). Subsequently, these requirements have been removed from the policy document and are reflected in these standards.

04.30209 Introduction

The basis of an effective land acquisition program is the preparation of real estate appraisals. An appraisal accomplishes the dual role of establishing the full compensation a property owner is entitled and, at the same time, protects the interests of the general taxpaying public.


The function of the appraisal is to meet these requirements, and to present market value documentation in a substantive, consistent, and clear manner which is useful in the acquisition process. The appraisal report is a technical information document used by negotiators and must be comprehensive and demonstrative.

The report must closely describe current market conditions to be useful in discussions with the owners or their representatives. An appraisal can also serve as evidence for the District in any subsequent eminent domain proceeding.

04.30212 Appraisal Preparation

The appraisal report is a technical information document used by negotiators and therefore must be comprehensive and convincing. The report must closely describe current market conditions to be useful in the discussions with the owners or their representatives. An appraisal can also serve as evidence for the District in ant subsequent eminent domain proceeding. Fee appraisers retained by the District are required to:

- A. Personally perform the services contracted for and supply all professional personnel and equipment to perform the contractual assignment.
- B. Make an on-site inspection of the property in question.

	■ <b>STANDARDS</b> ■		Unit 1140	Revision 01	Original Effective Date 01/15/97
	SUBJECT 04.30200 REAL ESTATE APPRAISAL PREPARATION AND REVIEW				Last Revision Date 03/04/97
					Page 4 of 15

- C. Identify all the pertinent elements of the property which affect value.
- D. Send a letter to the owner or designated representative affording the opportunity for that person to accompany the appraiser on the inspection of the property; simultaneously a copy of that letter is to be sent to the District office.
- E. Immediately contact the Chief Appraiser if evidence of hazardous waste is identified on the property.
- F. Prepare the appraisal report in a timely manner and in accordance with the District's minimum requirements and those of the appraisal profession.
- G. Deliver five (5) copies of the report and any additions, corrections, or deletions to the Chief Appraiser of the Economic & Evaluation Unit at the District.

In order to accomplish and fulfill goals of the District's land acquisition program, all appraisals are required to be prepared in accordance with the following outline. Any omission of required documentation will result in the rejection and return of the report to the appraiser for revision and/or correction. Final payment of any fee may be withheld until the appraisal report is accepted by the Chief Appraiser of the Economic & Evaluation Unit (EEG).

The minimum elements required in an appraisal of current market follow:


#### I. INTRODUCTION

##### A. Title Page

- 1) District project name and tract number(s)
- 2) Name and address of property owner
- 3) Identification of property by county, municipality, and tax folio number(s)
- 4) Size of parent tract
- 5) Area to be acquired
- 6) Date of valuation
- 7) Identification of appraiser

##### B. Table of Contents referencing required sections to specifically identified pages, each consecutively numbered.

##### C. Letter of Transmittal including subject property identification, date of appraisal, rights appraised, purpose, value indications, and any unusual limiting conditions.

	■ <b>STANDARDS</b> ■		<b>Unit</b> 1140	<b>Revision</b> 01	<b>Original Effective Date</b> 01/15/97
	<b>SUBJECT</b> 04.30200 REAL ESTATE APPRAISAL PREPARATION AND REVIEW				<b>Last Revision Date</b> 03/04/97
					<b>Page</b> 5 of 15

D. Statement of Limiting Conditions, highlighting those that are specific to be subject of the appraisal.

E. A Certification of Valuation is required for parcels being appraised. Refer to Exhibit 04.30399.01 for a copy of the required certification.

## II. PURPOSE OF APPRAISAL

### A. Purpose of the Appraisal

- 1) Statement of purpose
- 2) District program reference

### B. Definition of Market Value

### C. Description and Definition of Rights or Interest being acquired:

- 1) Fee
- 2) Easement
- 3) Full Taking
- 4) Partial Taking
- 5) When an estate is acquired subject to outstanding interests such as mineral interest, life estate, easement or lease, the purchase price will reflect the effect the outstanding interests have upon the market value of the property.

## III. INSPECTION DATE

### A. Date of property inspection(s)


### B. Statement regarding invitation made to property owner to accompany site inspection

### C. Listing of others who accompanied site inspection

## IV. DESCRIPTION OF PROPERTY

### A. General area description and analysis

### B. Neighborhood description and analysis

	■ <b>STANDARDS</b> ■		<b>Unit</b> 1140	<b>Revision</b> 01	<b>Original Effective Date</b> 01/15/97
	<b>SUBJECT</b> 04.30200 REAL ESTATE APPRAISAL PREPARATION AND REVIEW				<b>Last Revision Date</b> 03/04/97
					<b>Page</b> 6 of 15

### C. Property description

- 1) General description
  - a. Present use
- 2) Zoning
  - a. Comprehensive Land Use Plan
- 3) Assessment and tax data
- 4) Utilities
- 5) Size and shape (to include gross and usable area)
- 6) Topography
- 7) Soil conditions
- 8) Description of improvements
- 9) Legal access and source documentation
- 10) History of the subject property - five (5) year minimum

## V. HIGHEST AND BEST USE

### A. Definition

### B. Analysis


- 1) As vacant
- 2) As improved

### C. Conclusion


- 1) As vacant
- 2) As improved

## VI. APPRAISAL PROCESS AND DOCUMENTATION

- A. The “before and after” method of valuation shall be used in all partial acquisitions. If an appraiser is unsure about whether there is a need for a “before and after” valuation, the EEG should be contacted for guidance.
- B. The appraisal shall include all applicable approaches to value and a statement delineating the scope of the assignment. It shall also include an estimate of time to market the property in relation to value. If an approach is not considered applicable, the appraiser shall state why. All pertinent calculations used in developing the approaches shall be shown.

	■ <b>STANDARDS</b> ■		Unit 1140	Revision 01	Original Effective Date 01/15/97
	<b>SUBJECT</b> 04.30200 REAL ESTATE APPRAISAL PREPARATION AND REVIEW				Last Revision Date 03/04/97
					Page 7 of 15

- 1) When the cost approach is utilized, the appraisal report shall contain the specific source of cost data and an explanation of each type of accrued depreciation. Land sales will be documented as is/are consistent with those used in the market.
  
- 2) In the Sales Comparison Approach, the appraisal report shall contain a direct comparison of pertinent comparable sales to the property being appraised and a statement setting forth the analysis and reasoning for each item of adjustment to comparable sales. All comparable sales included or referenced in the report shall be summarized in chart form and individual sale abstracts reported in the following manner:
  - a. The date of sale and Official Records Book and Page
  - b. Names of parties to the transaction
  - c. Consideration paid
  - d. Financing and its effect on value
  - e. Conditions of Sales
  - f. Location
  - g. Total area (gross, usable area)
  - h. Type of improvements and effect on land value
  - i. Zoning
  - j. Highest and Best Use at time of sale
  - k. Verification
    - State name of person(s), phone number, and date contacted
    - If person is not a principal participant in the transaction, state reason why they were used
    - Copy of recorded instrument
    - Comments concerning transaction
  - l. Photographs
  - m. All property appraised and the comparable sales which were relied upon in arriving at the market value estimate shall be personally inspected in the field by the appraiser.
  
- 3) All adjustments to sales will be described in the text shown on an adjustment chart.
  
- 4) Where the Income Capitalization Approach is used, the appraisal report shall be documented to support the income, expenses, remaining economic life, holding period, and capitalization rate.

	■ <b>STANDARDS</b> ■		Unit 1140	Revision 01	Original Effective Date 01/15/97
	SUBJECT 04.30200 REAL ESTATE APPRAISAL PREPARATION AND REVIEW				Last Revision Date 03/04/97
					Page 8 of 15

- 5) When the economic rental income is determined to be different from the existing or contract income, the difference shall be explained and supported by market information.
- 6) The insurable value of building improvements will be set out in the report.

C. Where two or more approaches to value are used, the appraisal shall:

- 1) Show correlation of the separate indications of value derived by each approach as well as a reasonable explanation for the final conclusion of value.
- 2) Include information for both “before and after” valuations.


D. Some properties may be adjacent to lakes, rivers, or other water bodies. All properties waterward of an established Ordinary High Water Line (OHWL) may be considered in public ownership (sovereignty land) unless otherwise stated on the boundary map or survey. Each appraisal should address the sovereignty issue as it relates to the subject property.

## VII. PARTIAL TAKING VALUATION

A. If the property being appraised is a partial taking, then a value of the remainder after taking and a value of the part taken must be estimated. The following are the additional requirements for this type of valuation under state rules for condemnation:

- 1) Description of remainder property, including access
  - a. Description of part taken including access
- 2) Highest and Best Use of the remainder and part taken
- 3) Valuation
  - a. Value of parent tract before the acquisition      \$\_\_\_\_\_
  - b. Value of part to be acquired                              -\_\_\_\_\_
  - c. Remainder value before the acquisition              = \$\_\_\_\_\_
  - d. Remainder value after the acquisition                -\_\_\_\_\_
  - e. Damages to the remainder                                = \$\_\_\_\_\_
  - f. Special benefits (enhancement)                        -\_\_\_\_\_
  - g. Net damage to the remainder                            = \$\_\_\_\_\_



	■ <b>STANDARDS</b> ■		Unit 1140	Revision 01	Original Effective Date 01/15/97
	SUBJECT 04.30200 REAL ESTATE APPRAISAL PREPARATION AND REVIEW				Last Revision Date 03/04/97
					Page 9 of 15

- h. Value of part to be acquire + \_\_\_\_\_  
i. Total difference (just compensation)\* \$ \_\_\_\_\_

\*Note: Under Florida Law, the total compensation due cannot be less than the value of the part taken.

## VIII. MAPS

A. Appraisal reports for whole taking shall contain a sketch or plat of the property showing:

- 1) Boundary dimensions
- 2) Location of improvements
- 3) Other significant features of the property

B. Appraisal reports for partial takings shall contain an additional sketch showing:

- 1) The area to be acquired
- 2) The relationship of the improvements to the taking area
- 3) The area of each remainder

## IX. ADDENDA AND EXHIBITS


A. Location Map - should show location of subject in relation to general area

B. Comparability Map - indicates subject property and location of sales

C. Plat plan and/or other pertinent exhibits

## X. VALUATION OF EASEMENTS

The types of easements to be appraised will include permanent, temporary, flowage and conservation easements. Each easement will be valued to show what the market reflects as to value when a portion of the property rights are lost and for what length of time they will be lost. Easements that are permanent in nature should be valued according to the Sales Comparison Approach using sales which have comparable easements on similar properties. This is the ideal method. It is not always possible to find market evidence to support this, so appraisers tend towards percentages of fee value based on the amount of property rights lost. When market data is not available, a thorough explanation is required to support the appraiser's judgement to include a discussion of the rights acquired and the rights remaining with the fee owner.

	■ <b>STANDARDS</b> ■		Unit 1140	Revision 01	Original Effective Date 01/15/97
	SUBJECT 04.30200 REAL ESTATE APPRAISAL PREPARATION AND REVIEW				Last Revision Date 03/04/97
					Page 10 of 15


The appraisal of a temporary easement usually involves rights to a specific area which are acquired for a specific length of time. The best way to value a temporary easement would be to find sales of comparable temporary easements. But generally, finding them is the exception rather than the rule. One alternative acceptable method requires the discounting of periodic economic rent paid in advance at the appropriate rate for the term of the easement. To support a discount rate, the appraiser is required to research the market for current land leases and sales. This data can be analyzed by the appraiser to estimate the Rate of return on land.

#### XI. VALUATION OF LAND LEASES

In situations where the District is to enter into a lease-back of property acquired, an appraisal by a fee appraiser indicating the market value of that lease will be required.

#### XII. REQUIREMENTS FOR THE USE AND CONSIDERATION OF GOVERNMENT SALES

- A. Any and all government sales considered in the valuation process **must** be confirmed with the buyer **and** seller, or their respective representatives. The motivations of both parties and the intended use of the property must be reported for each government sale considered.
- B. The following issues must be considered in determining whether a government sale is an appropriate indicator of market value, and addressed in the comparable sale write-up:
  - 1) Was the sale price based upon an appraisal(s)? If so, what was the appraised value(s), and how was the price negotiated? What was the highest and best use conclusion upon which the appraised value(s) was predicated?
  - 2) Did the governmental agency acquiring the sale property have condemnation authority at the time the sale was negotiated?
  - 3) Is this government purchase part of a larger project? If so, what is its relationship to this larger project?
  - 4) Is this government purchase part of a federal project, where offering prices must be at least equal to appraised value?

	■ <b>STANDARDS</b> ■		Unit 1140	Revision 01	Original Effective Date 01/15/97
	SUBJECT 04.30200 REAL ESTATE APPRAISAL PREPARATION AND REVIEW				Last Revision Date 03/04/97
					Page 11 of 15


04.30220      Appraisal Reviews

I.      CONDUCTING APPRAISAL REVIEWS

- A. The Appraiser is to make a compliance review of each real property appraisal completed for the District. Divergences from the District requirements are to be approved in advance by the District.
- B. The Review Appraiser is to make an inspection of the subject property of the appraisal. If possible, this inspection should be made with the selected appraiser(s) for the assignment. If time allows, an inspection of comparable properties that were considered in the appraisal(s) should also be conducted.
- C. The Review Appraiser shall examine all appraisal reports to determine that they:
  - 1) Follow accepted appraisal principles and techniques in the valuation of real property.
  - 2) Contain or make reference to the information necessary to explain, substantiate, and thereby document the conclusions and estimates of highest and best use and value within the report.
  - 3) Include consideration of compensable items, damages and benefits , and that they do not include compensation for items noncompensable under state or federal law, whichever applies.
  - 4) Contain a sketch and an identification or listing of the buildings, structures and other improvements on the land, as well as the fixtures which the appraiser considers to be part of the real property to be acquired.
  - 5) Contain a final value estimate for or resulting from the acquisition, and where appropriate, in the case of a partial acquisition, a reasonable allocation of the final value estimate for the real property acquired and damages to remaining real property.

II.      CORRECTING APPRAISAL DEFICIENCIES

The Review Appraiser must promptly communicate with the appraiser in an attempt to correct deficiencies and inaccuracies in an appraisal report or to reconcile differences in appraisal techniques or premises between two or more

	■ <b>STANDARDS</b> ■		Unit 1140	Revision 01	Original Effective Date 01/15/97
	SUBJECT 04.30200 REAL ESTATE APPRAISAL PREPARATION AND REVIEW				Last Revision Date 03/04/97
					Page 12 of 15

appraisal reports on the same property. It is the responsibility of the Review Appraiser to request and obtain all corrections and/or revisions of appraisal reports which do not conform to the District's appraisal requirements.

### III. APPRAISAL REVIEW STATEMENT AND CERTIFICATION


A. For each property appraised, the Review Appraiser will prepare a Review Statement containing the following:

- 1) Disclosure of the nature, extent, and detail of the review process undertaken.
- 2) Identification of the report under review, the real estate and the real property interest being appraised, the appraisal problem, referencing the purpose of this acquisition, the effective date of the opinion in the report under review, and the date of the review.
- 3) An opinion as to the apparent adequacy and relevance of the data and the propriety of any adjustments to the data.
- 4) An opinion as to the completeness of the report under review as to opinions, reasons and conclusions.
- 5) An opinion as to the appropriateness of the appraisal methods and techniques used, or develop the reasons for any disagreements.
- 6) An opinion as to whether the analyses, opinions, and conclusions in the report under review are appropriate and reasonable, or develop the reasons for any disagreements.
- 7) If two appraisals are completed on the same property, the reviewer may include both appraisal reviews in one document by discussing each appraisal individually with a final reconciliation as to which appraisal supports the most appropriate and reasonable conclusion of value.

B. A certification of review as shown in Exhibit 04.30299.02.

04.30299     Exhibits

- 01     Certification of Valuation
- 02     Certification of Review

	■ <b>STANDARDS</b> ■		Unit 1140	Revision 01	Original Effective Date 01/15/97
	SUBJECT 04.30200 REAL ESTATE APPRAISAL PREPARATION AND REVIEW				Last Revision Date 03/04/97
					Page 13 of 15

04.30299.01

# SOUTH FLORIDA WATER MANAGEMENT DISTRICT CERTIFICATION OF VALUATION

Tract No.(s): \_\_\_\_\_


Owner: \_\_\_\_\_

Project: \_\_\_\_\_

Land Area to be acquired (acreage): \_\_\_\_\_

I certify that, to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and my personal, unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
4. My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the South Florida water Management District, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
5. My analyses, opinions, and conclusion were developed, and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice of the Appraisal Institute.
6. I have made a personal inspection of the property that is the subject of this report.
7. No one provided significant professional assistance to the person signing this report. (If there are exceptions, the name of each individual providing significant professional assistance must be stated.)


	■ <b>STANDARDS</b> ■		Unit 1140	Revision 01	Original Effective Date 01/15/97
	SUBJECT 04.30200 REAL ESTATE APPRAISAL PREPARATION AND REVIEW				Last Revision Date 03/04/97
					Page 14 of 15

8. That I have not revealed the results of such appraisal to other than the proper officials of the South Florida Water Management District and will not do so until authorized by same, or until required by due process-of-law, or until release from this obligation by having publicly testified as to such results.
9. That my opinion of the market value of the property being appraised as of \_\_\_\_\_, 19\_\_\_\_, is as shown as follows:

	<u>Appraised Value</u>
Market Value	\$ _____
Damages and/or Cost to Cure	\$ _____
Just Compensation	\$ _____

\_\_\_\_\_  
Appraiser

\_\_\_\_\_  
Date

	■ <b>STANDARDS</b> ■		Unit 1140	Revision 01	Original Effective Date 01/15/97
	SUBJECT 04.30200 REAL ESTATE APPRAISAL PREPARATION AND REVIEW				Last Revision Date 03/04/97
					Page 15 of 15

04.30299.02

# SOUTH FLORIDA WATER MANAGEMENT DISTRICT CERTIFICATION OF REVIEW

Tract No.(s): \_\_\_\_\_

Owner: \_\_\_\_\_

Project: \_\_\_\_\_

Land Area to be acquired (acreage): \_\_\_\_\_

I certify that, to the best of my knowledge and belief:

1. The facts and data reported by this review appraiser and used in the review process are true and correct.
2. The analyses, opinions, and conclusions in this review report are limited only by the assumptions and limiting conditions stated in this review report and in the reviewed appraisal report, and are my personal, unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report and I have no personal interest or bias with respect to the parties involved.
4. My compensation/employment is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or the use of, this review report.
5. My analyses, opinions, and conclusions were developed and this review report was prepared in conformity with the Uniform Standards of Professional Appraisal Practice.
6. I did not (did) personally inspect the subject property of the report under review.
7. No one provided significant professional assistance to the person signing this review report.

\_\_\_\_\_  
Appraiser

\_\_\_\_\_  
Date